

UNITED STATES OF AMERICA  
Before the  
OFFICE OF THRIFT SUPERVISION  
DEPARTMENT OF THE TREASURY

In the Matter of )  
RICHARD L. GLACHMAN, )  
formerly a director of )  
FIRST NORTHERN COOPERATIVE )  
BANK, Keene, New Hampshire )

Order No. NE97-1

Dated: February 4, 1997

STIPULATION AND CONSENT TO ISSUANCE OF AN ORDER OF PROHIBITION

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed RICHARD L. GLACHMAN, formerly a director of First Northern Cooperative Bank, Keene, New Hampshire ("FNC Bank"), that grounds exist for the OTS to initiate an administrative prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e);<sup>1</sup> and

WHEREAS, RICHARD L. GLACHMAN desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation.

NOW, THEREFORE, RICHARD L. GLACHMAN, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, except those as to the OTS's jurisdiction over him, which is admitted (as provided by paragraph 1 below), hereby stipulates and agrees to the following:

1. All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

1. Jurisdiction.

(a) First Northern Cooperative Bank, at all times relevant hereto, was a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, at all times relevant hereto, it was an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) RICHARD L. GLACHMAN was a director of First Northern Cooperative Bank, and is an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof. See 12 U.S.C. § 1818(i)(3).

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain administrative enforcement proceedings, pursuant to provisions of 12 U.S.C. § 1818, against institution-affiliated parties of savings associations. Therefore, RICHARD L. GLACHMAN is subject to the authority of the OTS to initiate and maintain an administrative prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e).

(d) The Director of the OTS has delegated to the Regional Director of the Northeast Region or his designee ("Regional Director") the authority to issue administrative orders, pursuant to provisions of 12 U.S.C. § 1818, where the subjects of such orders have consented to the issuance thereof. Accordingly, the undersigned Regional Director is authorized to cause the OTS to issue the accompanying ORDER OF PROHIBITION (the "Order").

2. Findings of Fact. The OTS finds that:

(a) RICHARD L. GLACHMAN, the son of the controlling stockholder of FNC Bank, served on the bank's Board of Directors from 1985 until it was placed into receivership in February 1991. From mid-1987 through February 1991, RICHARD L. GLACHMAN also simultaneously was an officer, director, and/or controlling stockholder of various other companies, including Norfirst Holding Corp. and its subsidiary, First Northern Mortgagee Corporation ("Mortgagee"). Mortgagee was a Glachman-owned mortgage banking company that, inter alia, serviced mortgage loans that it sold to Freddie Mac and other participants in the secondary mortgage market.

(b) On numerous occasions during 1990, RICHARD L. GLACHMAN caused FNC Bank to cover overdrafts in his personal and business checking accounts by making overnight transfers of funds from mortgage escrow trust accounts that Mortgagee maintained at FNC Bank. When Freddie Mac discovered this activity it required that the funds in the escrow accounts be moved to a different banking institution, and this adversely affected FNC Bank's liquidity and reputation. In view of the foregoing, RICHARD L. GLACHMAN violated 12 C.F.R. § 215.4 (1990), breached his fiduciary duties owed to FNC Bank, and engaged in unsafe or unsound banking practices.

(c) On numerous occasions during 1988 through 1990, RICHARD L. GLACHMAN failed to recuse himself from participating in discussions and decisions by FNC Bank's Board of Directors and management that authorized the bank to engage in transactions with Mortgagee. Several of these transactions concerned the purchase

by FNC Bank of mortgage loans originated by Mortgagee. Many of the mortgage loans that RICHARD L. GLACHMAN participated in causing FNC Bank to buy from Mortgagee were loans that failed to conform with the bank's loan underwriting requirements; these loans also failed to qualify for purchase by Freddie Mac and Fannie Mae. Subsequently, many of the purchased loans defaulted, which caused FNC Bank to suffer substantial loss. In view of the foregoing, RICHARD L. GLACHMAN engaged in conflict-of-interest transactions contrary to 12 C.F.R. § 571.7 (1988-1990), breached his fiduciary duties owed to FNC Bank, and participated in unsafe or unsound banking practices.

3. Consent. RICHARD L. GLACHMAN consents to the issuance by the OTS of the accompanying Order. RICHARD L. GLACHMAN further agrees to comply with the terms of the Order upon issuance, and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued by the OTS under the authority of 12 U.S.C. § 1818(e). Upon its issuance by the OTS, by and through its Regional Director for the Northeast Region, it shall be a final order that is effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers.

(a) RICHARD L. GLACHMAN waives the following:

(i) the right to be served with a written notice of the OTS's charges against him, which notice would be issued and served pursuant to 12 U.S.C. § 1818(e);

(ii) the right to an administrative adjudicatory hearing of the OTS's charges against him, which hearing is provided by 12 U.S.C. §§ 1818(e) and 1818(h)(1);

(iii) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h)(2), or otherwise to challenge the validity of the Order; and

(iv) any and all claims against the OTS (including its employees and agents) and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law or under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(b) By signing this Stipulation RICHARD L. GLACHMAN agrees that he will not assert in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity that anything related to this settlement, including any provision of the Order, provides the basis for a claim of double jeopardy.

6. Other Government Actions Not Affected. RICHARD L. GLACHMAN acknowledges and agrees that his consent to the OTS's issuance of the Order is intended solely for purposes of settling and resolving the OTS's administrative enforcement claims against him, pursuant to provisions of 12 U.S.C. § 1818, relating in any manner to FNC Bank. RICHARD L. GLACHMAN further stipulates and agrees that the settlement effected by his entering into this Stipulation and by the OTS's issuance of the Order does not release, discharge, compromise, settle, dismiss, resolve, preclude, or in any way affect any other actions, claims, liability of, charges against, or proceedings against RICHARD L. GLACHMAN (whether administrative, civil, or criminal) that may be

or have been brought by the OTS or any other government agency or entity.

7. Representation as to Assets. It is understood that, as part of this settlement, the OTS has relied in part on RICHARD L. GLACHMAN's representations concerning his current financial condition, as set forth in Schedules filed in July 1996 with the United States Bankruptcy Court for the Southern District of Florida. In the event that any information set forth in such bankruptcy schedules is found to be false or misleading with respect to any material fact (including but not limited to the failure to identify and/or value any material asset), the OTS reserves the right to take any action authorized by law, in the exercise of its discretion, including assessing civil money penalties under 12 U.S.C. § 1818(i), or to void this Stipulation and the Order, or to take any other legal action.

8. Miscellaneous.

(a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America.

(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

(c) The section and paragraph headings in this Stipulation and in the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order.

(d) The terms of this Stipulation represent the final written agreement of the parties with respect to the subject

matters hereof, and constitute the sole agreement of the parties with respect to such subject matters.

(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through the Regional Director. The Regional Director may suspend, in his sole discretion, any or all provisions of this Stipulation or of the Order.

WHEREFORE, RICHARD L. GLACHMAN executes this Stipulation, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION

By:

  
Robert C. Albanese  
Regional Director,  
Northeast Region

  
RICHARD L. GLACHMAN

Date: December 18, 1996

Date: February 4, 1997

(12.4)

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FIRST NORTHERN COOPERATIVE )  
BANK, Keene, New Hampshire )

Order No. NE97-1

Dated: February 4, 1997

ORDER OF PROHIBITION

WHEREAS, RICHARD L. GLACHMAN has executed a Stipulation and Consent to Issuance of an Order of Prohibition ("Stipulation") on December 18, 1996; and

WHEREAS, RICHARD L. GLACHMAN, by his execution of the Stipulation, has consented and agreed to the issuance of this ORDER OF PROHIBITION ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. § 1818(e).<sup>1</sup>

NOW, THEREFORE, IT IS ORDERED that:

1. RICHARD L. GLACHMAN is prohibited from further participation, in any manner, in the conduct of the affairs of First Northern Cooperative Bank, Keene, New Hampshire, and any holding company, subsidiary, and/or service corporation thereof.

2. RICHARD L. GLACHMAN, except upon the prior written consent of the OTS (acting through its Director or an authorized representative thereof) and any other "appropriate Federal financial institutions regulatory agency," for purposes of 12

1. All references to the United States Code (U.S.C.) are as amended, except as otherwise specified.

U.S.C. § 1818(e) (7) (B) (ii), shall not:

(a) hold any office in, or participate in any manner in the conduct of the affairs of, any institution or agency specified in 12 U.S.C. § 1818(e) (7) (A), including, but not limited to:

- (i) any insured depository institution, e.g., savings and loan associations, savings banks, national banks, trust companies, and other banking institutions;
- (ii) any institution treated as an insured bank under 12 U.S.C. §§ 1818(b) (3), (b) (4), or as a savings association under 12 U.S.C. § 1818(b) (9), e.g., subsidiaries and holding companies of banks or savings associations;
- (iii) any insured credit union under 12 U.S.C. §§ 1781 et seq.;
- (iv) any institution chartered under 12 U.S.C. §§ 2001 et seq.;
- (v) any appropriate Federal financial institutions regulatory agency, within the meaning of 12 U.S.C. § 1818(e) (7); and
- (vi) the Federal Housing Finance Board and any Federal Home Loan Bank.

(b) solicit, procure, transfer, attempt to transfer, vote or attempt to vote any proxy, consent or authorization with respect to any voting rights in any institution described in 12 U.S.C. § 1818(e) (7) (A); and

(c) violate any voting agreement previously approved by the "appropriate Federal banking agency" within the meaning of 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an "institution-affiliated party," as that term is defined at 12 U.S.C. § 1813(u), e.g., a director, officer, employee, controlling stockholder of, or agent for, an insured depository institution.

3. The Stipulation is made a part hereof and is incorporated herein by this reference.

4. Due to issuance of this Order, RICHARD L. GLACHMAN is a person "subject to an order in effect under subsection (e)" of 12 U.S.C. § 1818 for purposes of 12 U.S.C. § 1818(j).

5. RICHARD L. GLACHMAN shall promptly and appropriately respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

6. This Order is and shall become effective on the date it is issued, as shown in the caption hereof. This Order shall remain in effect until it is terminated, modified or suspended, which may occur only by formal written action of the OTS, acting by and through its Director, Regional Director or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By:   
Robert C. Albanese  
Regional Director,  
Northeast Region

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